**CA469 - Managing CA instructions on instructed positions which include pending receipts and exclude pending deliveries (Mari)**

Some account servicers may have bilaterally agreed with account owners to process CA instructions based on a position which includes pending receipts (PENR) and excludes pending deliveries (PEND) that may not have yet settled at the time the instruction is sent/processed (traded position).

If the account servicer has not agreed with account owners to process CA instructions based on a traded position, any instruction on a position different to the settled position may be rejected, depending on the bilateral agreement between the account servicer and account owner.

If the account servicer has agreed with account owners to process CA instructions based on a traded position, they may:

1. agree to hold any such instruction, until the pending transactions is fully settled, or
2. partially process them.

**This practice relies on a bilateral agreement between the account servicer and account owner and it does not mean/imply that other practices, such as only accepting instructions based on the settled position, are not valid and/or recommended.**

In case the parties have agreed to process CA instructions based on the traded position and partially process such instructions, the status of MT565 instructions should be confirmed via MT567 as following:

* as long as the instruction is in good order, part of the instruction equal to the settled position (SETT) minus any pending delivery (PEND) should be confirmed as “accepted for further processing” (25D::IPRC//PACK);
* part of the instruction related to pending receipts still to settle should be confirmed as “pending due to pending receipts with outstanding settlement” (25D::IPRC//PEND and 24B::PEND//PENR);
* as soon as a pending receipt settlement transaction is settled, either fully or partially (e.g. in case of partial settlement), thus increasing the settled position, that part of the original corporate action instruction should be confirmed by issuing a MT567 with status “accepted for further processing” (25D::IPRC//PACK);
* at the end of the election period, if any pending receipt is still outstanding, that part of the original corporate action instruction should be rejected (25D:: IPRC//REJT and 24B::REJT//LACK).

As a way of an example,:

1. The account owner:

* has a settled position of 10 securities
* has an outstanding receipt to acquire 5 securities
* instructs (non-default option) on the eligible holding of 15 securities
* the pending receipt settles partially for 2 securities
* at the end of the election period, the pending receipt is still outstanding for 3 securities

1. The account servicer will issue a MT564 with the following balances:
   * SETT = 10
   * PENR = 5
   * ELIG = 15
2. The account owner will send a MT565 instruction with a QINS = 15
3. Upon receipt of the instruction, the account servicer will issue:
   * a MT567 with 25D::IPRC//PACK for 10 securities (STAQ = 10);
   * a MT567 with 25D::IPRC//PEND and 24B::PEND//PENR for 5 securities (STAQ = 5);
4. As soon as the pending receipt settlement transaction is partially settled for 2 securities, the account servicer will issue a MT567 with 25D::IPRC//PACK for 2 securities (STAQ = 2);
5. At the end of the election period, the account servicer will issue a MT567 with 25D:: IPRC//REJT and 24B::REJT//LACK for 3 securities (STAQ = 3)
6. The account owner:

* has a settled position of 10 securities
* has an outstanding receipt to acquire 3 securities and an outstanding delivery to sell 4
* instructs (non-default option) on the eligible holding of 9 securities
* the pending receipt settles partially for 2 securities
* the pending delivery settles fully
* at the end of the election period, the pending receipt is still outstanding for 1 security

1. The account servicer will issue a MT564 with the following balances:
   * SETT = 10
   * PENR = 3
   * PEND = 4
   * ELIG = 9
2. The account owner will send a MT565 instruction with a QINS = 9
3. Upon receipt of the instruction, the account servicer will issue:
   * a MT567 with 25D::IPRC//PACK for 6 securities (STAQ = 6);
   * a MT567 with 25D::IPRC//PEND and 24B::PEND//PENR for 3 securities (STAQ = 3);
4. As soon as the pending receipt settlement transaction is partially settled for 2 securities, the account servicer will issue a MT567 with 25D::IPRC//PACK for 2 securities (STAQ =2);
5. At the end of the election period, the account servicer will issue a MT567 with 25D:: IPRC//REJT and 24B::REJT//LACK for 1 security (STAQ = 1)